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Chairman: Mr. Park Hae-yun (Vice-Chairman) ..... (Republic of Korea)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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In the absence of Mr. Rosenthal (Guatemala), Mr. Park Hae-yun (Republic of Korea), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/55/11)

1. **Mr. Herrera** (Mexico) expressed concern at the failure of several Member States to pay their assessed contributions in full, on time and without conditions.

2. His delegation noted with alarm the tendency to authorize, nearly automatically, exemptions from the provisions of Article 19 of the Charter of the United Nations. Apparently, it was simpler and more effective to request an exemption from the Assembly than to submit a case for consideration by the Committee on Contributions. Such actions only weakened the sole mechanism provided for in the Charter for encouraging Member States to comply with their financial obligations to the Organization. The time had come for the Assembly to discuss the possibility of finding a mechanism similar to Article 19 to promote the payment of arrears.

3. It was unhealthy for the United Nations to depend financially on a single State; therefore, any reduction in the ceiling pointed in the right direction. At the same time, the financial burden of reducing the ceiling should not fall on a small group of countries defined according to political criteria. If the General Assembly decided to reduce the maximum assessment, that decision should be based on the existing methodology, which took into account the principle of capacity to pay. A comparative analysis of the results of proposals "D" and "E" contained in the report showed that reducing the maximum assessment from 25 per cent to 21 per cent would have no effect on the assessments of 71 Member States.

4. **Mr. Tomás** (Mozambique) endorsed the statement made on behalf of the Group of 77 and China. During the Millennium Summit, world leaders had vowed to ensure that the Organization was provided on a timely and predictable basis with the resources needed to carry out its mandate. The scale of assessments constituted the first step in that regard. Reaching a consensus on a methodology for determining the scale of assessments had never been easy. Nevertheless, one central element of the methodology had so far enjoyed a consensus among Member States, namely, capacity to pay.

5. All Member States had a legal obligation to pay their share of United Nations expenses. His delegation therefore supported the strict application of Article 19 of the Charter, nevertheless, it understood the difficult situation of some developing countries in arrears and urged the Assembly to exempt them from the penalties under that Article. No review of the scale of assessments should result in increased financial burdens for developing countries which were already facing serious difficulties in paying their assessed contributions. His delegation proposed that the floor should be retained at 0.001 per cent and that the maximum assessment rate should not exceed the current 0.01 in the case of least developed countries.

6. The issue of the ceiling should be addressed carefully, since the very existence of the ceiling was a deviation from the principle of capacity to pay. The scale of assessments should ensure that each Member State paid its fair share of the Organization's expenses.

7. **Mr. Galuška** (Czech Republic) said that his delegation associated itself with the statement made on behalf of the European Union. An equitable scale of assessments was the cornerstone of the Organization's financial health. Accordingly, his delegation supported the basic principles of reform of the scale methodology, namely, real capacity to pay, based as closely as possible on the current economic situation of States, and simple and transparent methods for defining the scale without excessive distortions.

8. **Mr. Zahid** (Morocco) said that since the Organization's inception the agreed point of departure for determining a country's assessment rate had been its gross national product (GNP), averaged over several years, and subject to modification as its economic situation evolved. All other aspects of the question had posed difficulties for both the Committee on Contributions and Member States. Each Member State's real capacity to pay must be taken into account, particularly in the case of developing countries, which had enormous development needs and had to contend with such constraints as external debt, currency problems and fluctuating commodity prices.

9. With regard to the floor, there was a general consensus that countries experiencing the greatest difficulties, particularly in Africa, should have a

special status. The floor should not be modified, because any increases in the assessment rates of the least developed countries would weigh heavily on their economies. The ceiling had always been determined more by political than by technical criteria. The ceiling should be the subject of frank discussion in informal consultations, taking into account the views of all the States concerned. Above all, any change in the ceiling should not affect the assessment rates of developing countries.

10. **Mr. Mabilangan** (Philippines), speaking on behalf of the Association of South-East Asian Nations (ASEAN), reiterated the legal obligation of Member States to pay their assessed contributions in full and on time. In spite of the economic difficulties they had experienced, ASEAN countries strove to pay their assessments in full, as a manifestation of their commitment to the Organization.

11. With regard to the scale of assessments, the principle of capacity to pay should remain the fundamental criterion for the apportionment of expenses among Member States. The ASEAN countries also supported the recommendation of the Committee on Contributions to continue to use GNP for purposes of calculating the scale. As for conversion rates, they supported the recommendation that market exchange rates (MERs) should be used, except in cases where that would cause excessive fluctuations or distortions in the income of a Member State.

12. The statistical base period should reflect a country's capacity to pay in a realistic manner. A six-year base period was reasonable and should enjoy consensus within the Committee. The allowances given to developing countries with external debt and low per capita income should remain in any methodology. ASEAN supported maintaining the floor rate at 0.001 per cent and the ceiling at 0.01 per cent for the least developed countries and believed that any change in the ceiling should not result in increased assessments for developing countries.

13. Annual recalculation of the scale of assessments would lead to instability and should not be pursued. ASEAN shared the view of some members of the Committee on Contributions concerning the need for appropriate adjustments in the case of prospective rates that would increase by 50 per cent or more (A/55/11, para. 98).

14. **Mr. Darwish** (Egypt), after endorsing the statements made by the representative of Nigeria on behalf of the Group of 77 and China and the representative of South Africa on behalf of the Movement of Non-Aligned Countries, stressed that it was important for Member States in arrears to make full payment of their assessed contributions in accordance with a fixed time schedule so that the United Nations would then be in a position to perform its duties. He regretted that the Committee on Contributions had been unable to agree on the elements of the methodology for the scale of assessments for the period 2001-2003, as it would complicate the possibility of reaching any agreement in the light of the widely deferring alternatives set forth in General Assembly resolution 54/237 D.

15. Egypt would strive for the adoption of a fairer and more equitable scale of assessments that reflected the economic circumstances of the developing countries and took into account the widening gap between them and the developed countries, the impact of the debt burden on their economies and the adverse effects of globalization. In regard to the ceiling of 25 per cent, he said that while it would be wrong for the budget to be largely funded by one or two States, any reduction in the elements of the scale methodology should be borne by the major contributors and should have no adverse repercussions on the developing countries. Member States not in arrears should be given priority in the payment of peacekeeping-related reimbursements with a view to encouraging the timely, full and unconditional payment of assessed contributions. It was also important to consider thoroughly the political and economic circumstances of States which submitted requests for exemption under Article 19.

16. In view of the financially delicate situation of the United Nations, constructive consultation and dialogue aimed at settling differences was essential to ensuring that the United Nations had the liquidity needed to maintain its effectiveness. His delegation was accordingly prepared to join with the other Member States in seeking the best means of achieving that end.

17. **Mr. Widodo** (Indonesia) said that his delegation associated itself with the statements made on behalf of the Group of 77 and China, and ASEAN. The Millennium Summit had sent clear messages on the need for reform in the management of peacekeeping operations, the Security Council and the administrative

and financial aspects of the United Nations. However, such efforts would fail if they were not accompanied by sufficient resources to meet the Organization's mandated priorities. The problem was fundamentally one of a crisis of payments, and its accumulation over the past decade had brought the Organization to the brink of insolvency. His delegation reaffirmed the legal obligation of all Member States to bear the expenses of the Organization as apportioned by the General Assembly. Despite the difficult situation currently prevailing in Indonesia, his Government had already paid its contribution to the regular budget in full and had contributed a significant proportion of the peacekeeping budget.

18. The developing countries should not be assessed at a rate higher than their capacity to pay. A one-point increase in the scale for developing countries was indeed a significant one that would compete directly with resources earmarked for urgent domestic requirements. The low per capita income adjustment was of continuing relevance in providing relief to developing countries. Both the threshold and the gradient must be increased from their current level.

19. Regrettably, the Committee on Contributions had offered no specific recommendations that could serve as a basis for the calculation of the next scale. A decision on the issue should be adopted by consensus. Once the scale of assessments was fixed by the General Assembly, it should not be subject to general revision for at least three years, unless substantial changes in a country's relative capacity to pay were imminent.

20. **Mr. Ling** (Belarus) said that the changes made to the scale of assessments over the years, many of them for political reasons, had distanced it from its original foundation, the capacity to pay. Many countries, including his own, had received unfair treatment in the scale methodology. However, because it understood the need for a stable financial environment for the United Nations, Belarus had been among the first Member States to pay its contribution for 2000 in full.

21. Turning to the recommendations of the Committee on Contributions, he said that the capacity to pay, based on gross national product, should remain the basis for the calculation of income. While his delegation favoured a six-year base period, it was willing to discuss a three-year period. It supported the use of MERs in calculating future scales and agreed that the debt burden adjustment should be maintained.

22. The ceiling raised many questions for Member States and should be given careful attention. The low per capita income adjustment should be maintained, and his delegation was ready to consider the use of a sliding gradient. However, the proposals on debt indexing and restricted access to the United Nations procurement system for countries in arrears, without consideration of the reasons leading to the arrears, were unacceptable. Belarus had paid in full its contribution to the regular budget and would make every effort to pay its peacekeeping assessment as well. It had also paid its peacekeeping arrears accumulated since 1 January 1996.

23. **Ms. Petrosini** (Venezuela) said it was regrettable that the Committee on Contributions had been unable to submit recommendations for apportioning the regular budget expenses for the next triennium or to take a position on prior recommendations contained in its report. Her Government requested the Committee on Contributions to review the calculation of the exchange rate used for converting Venezuela's GNP into dollars. It was convinced of the need to adjust the MER in order to reflect Venezuela's real capacity to pay. It was regrettable that the Committee on Contributions had been unable to reach agreement on cases in which the divergence between inflation rates and exchange rates could be considered excessive.

24. Most of the proposals contained in the report would reduce the contributions of the developed countries. The percentage points subtracted from the developed countries would have to be absorbed by the developing countries without any relation to the growth of their economies. For example, Latin America's relative GNP had been $5,546 during the period 1990-1995 and $6,280 during the period 1993-1998. Growth had been approximately 13 per cent; it was therefore to be expected that the Latin American assessment rate should not increase by more than 13 per cent. However, in most of the proposals, the region's overall assessment was increased disproportionately, in some cases by more than 40 per cent. Such a distortion was unfair, irrational and unacceptable. She failed to understand how it could be explained to the populations of developing countries that their Governments must pay more to the United Nations in order that the industrialized and developed countries might pay less. She would appreciate clarification of why Venezuela's assessment was to increase by 35 per

cent when its real economic growth during the period under review had been less than 2 per cent.

25. Her delegation therefore supported proposal "C", the only one which really reflected the differences between the incomes of developed and developing countries. The threshold for determining the low per capita income adjustment should reflect the fact that 20 per cent of the world controlled 80 per cent of the income and that, accordingly, average world GNP was not the appropriate indicator. Her delegation was in favour of adopting the threshold of $9,361 used by the World Bank. That threshold was calculated by taking into consideration measurements of the well-being of countries, such as the incidence of poverty and infant mortality, as well as economic variables, such as per capita GNP. With regard to the discount, her delegation was in favour of maintaining it at 80 per cent. The Venezuelan delegation also supported the use of a six-year statistical period, debt adjustment and the maintenance of a maximum assessment rate for least developed countries.

26. The fixing of a new ceiling would introduce even greater distortions than already existed; accordingly, the ceiling should remain at 25 per cent. The proposals to reduce the ceiling to 22 per cent implied a discount for one Member State, which would thus enjoy a reduction of between 17 per cent and 34 per cent, with a concomitant increase in the assessments of other States. Furthermore, her delegation believed that the issue of the ceiling should be postponed until the Member State in question had paid its debt to the Organization.

27. **Mr. Dausá Céspedes** (Cuba) said that his delegation hoped that the negotiations on the scale of assessments would result in an agreement that truly served the interests of the Organization and reflected the commitment of Member States to its work. It reaffirmed the principle of capacity to pay as the fundamental criterion for determining the scale of assessments. In its view, other elements of the methodology should include the criteria established in General Assembly resolutions 46/221 B and 43/223 B, adjustments for low per capita income and debt, a statistical base period of 6 years and elimination of the ceiling.

28. On the basis of questionable decisions by Congress, the United States of America was attempting to reduce its contribution to the regular budget from 25 per cent to 22 per cent. If the legislatures of the other 188 Member States adopted a similar policy, the Organization would disappear. The actions of the United States represented a clear violation of the many General Assembly resolutions which upheld the principle of the capacity to pay. It was unacceptable that the United States should use financial conditionalities to achieve its political objectives. Its unilateral, selective and undemocratic policies would result in a United Nations that no longer reflected the needs of the majority of its Member States, the developing countries in particular.

29. In view of the difficult economic situation faced by many developing countries, his delegation supported the requests for exemptions under Article 19 of the Charter made by the Comoros, Sao Tome and Principe and Tajikistan.

30. **Mr. Ben Mustapha** (Tunisia) said that his delegation endorsed the statement of Nigeria on behalf of the Group of 77 and China but wished to make some additional comments. All speakers, had reaffirmed the capacity to pay as the cardinal principle on which the scale of assessments should be based. It must be acknowledged, however, that the principle was being interpreted in very different ways. During its deliberations, the Committee should attempt to arrive at a definition of the concept which combined technical rigour and equity.

31. His delegation shared the view that capacity to pay should be based on recent macroeconomic indicators and currency flows. However, a balance must be maintained between the objective difficulties faced by some developing countries and the need to ensure that the Organization did not depend on a single main contributor. With regard to the ceiling on contributions, the political nature of the issue must be borne in mind, and the solution must not increase the burden of the developing countries. With regard to other elements of the methodology, his delegation believed that the six-year base period should be maintained, along with adjustments for debt and low per capita income. It also agreed with the Committee on Contributions that yearly updates of the scale were impractical.

32. **Mr. Yel'chenko** (Ukraine) said that he was also speaking on behalf of Georgia, Uzbekistan, Azerbaijan and Moldova. The Millennium Summit had reaffirmed the need for the Organization to be placed on a stable

financial footing, and it was therefore regrettable that the Fifth Committee had not been able to provide the Committee on Contributions with an agreed set of parameters for the scale of assessments. Instead, the diversity of views had resulted in the preparation of 12 separate scenarios for the scale. It was also regrettable that no consensus had been reached on the application of exchange rates, which had made it impossible to come up with statistical data on estimates of GNP.

33. The use of MERs for the conversion of national data into United States dollars should be maintained. Although in cases where MERs could cause serious distortions, price-adjusted rates of exchange (PAREs) could be applied, that measure should be limited to very specific cases, and the Committee on Contributions should determine the modalities for application of PAREs.

34. Turning to other elements of the methodology, he said that the establishment of a three-year base period would provide more up-to-date estimates of GNP. With regard to the low per capita income adjustment, various options for the parameters of the gradient could be considered on the understanding that the resulting points would be reallocated to States above the threshold. The debt burden adjustment should also be preserved, and the least developed countries should continue to benefit from a floor rate of 0.001 per cent and a ceiling of 0.01 per cent. However, the scheme of limits should not be reintroduced.

35. He supported the recommendations to grant exemptions under Article 19 of the Charter to Burundi, Georgia, Kyrgyzstan and Moldova. The lack of consistency in the consideration of such requests, in particular the request by Tajikistan, was disappointing. The recommendation to establish the rate of assessment for Tuvalu at 0.001 per cent should also be adopted.

36. **Ms. Tan Yee Woan** (Singapore) said that there were no easy answers to the question of what constituted a fair assessment rate. The principle of capacity to pay was often cited, but every delegation had a different perception of what it constituted. Numerous attempts had been made to define the principle, but the definition had been left deliberately vague because of the difficulty of marrying technical considerations with political realities. Her delegation agreed with the Committee on Contributions that it was unfair for any Member State to be subjected to increases of 50 per cent or more in assessed contributions from one period to the next, and it favoured some form of mitigation for countries experiencing such increases.

37. There was no compelling case based on objective economic reasons to support a reduction in the ceiling rate from 25 to 22 per cent, as requested by the United States of America. Her delegation believed that, as a general rule, all arrears should be paid in full, on time and without conditions. It did not want to prejudge the outcome of the negotiations, however, and had listened very carefully to those delegations which had said that they were open to any constructive proposals that would put the United Nations on firmer financial ground. Any solution should be reasonable and acceptable to all Member States and should not disadvantage developing countries.

38. **Mr. Valfre** (Peru) said that the developing countries were watching with particular interest the review of the methodology for the scale of assessments. A precise determination of the elements making up that scale would allow the real capacity to pay of Member States to be reflected in a manner commensurate with their level of economic development. The use of updated statistical data that were as precise as possible was thus extremely important.

39. In the case of Latin America, proposal "C" of the Committee on Contributions most closely reflected realities in the region, and his delegation therefore supported it. While the methodology for determining the scale had a political dimension, it should not be used to distort the real economic and financial capacity of Member States.

40. **Mr. Lootah** (United Arab Emirates), after endorsing the statement made by the representative of Nigeria on behalf of the Group of 77 and China, said that his country, which paid its contributions to the regular budget of the United Nations and to peacekeeping in full and on time, was concerned about the crisis currently facing the Organization and about its practice of borrowing from the peacekeeping fund in order to finance its regular expenses. He disagreed with the view that, in its present form, the methodology of the scale of assessments was the main reason for the financial crisis and the loss of liquidity. On the contrary, financial security and stability would be achieved only if all Member States without exception paid their assessed contributions in full and on time

and if the Member States in arrears settled all their outstanding dues unconditionally and without further delay.

41. The principle of capacity to pay was crucial in the preparation of any scale of assessments for the apportionment of expenses, as were transparency and consensus of opinion. The individual economic and social circumstances of each State should also be taken into account in view of their impact on capacity to pay, particularly in the case of the developing and least developed countries. Political will played an important role in the discharge of financial commitments to finance the regular budget of the United Nations. The present system of financing peacekeeping operations, which emphasized the special responsibility of the permanent members of the Security Council, should continue unchanged.

42. **Mr. Christian** (Ghana) said that his delegation associated itself with the statement made on behalf of the Group of 77 and China. While it was highly unlikely that all Member States would agree to accept any one of the 12 proposed scales of assessments annexed to the report of the Committee on Contributions (A/55/11), all the proposals contained elements that deserved consideration by the Fifth Committee. Any adjustments in the current scale should not result in the assessment of developing countries at a rate higher than their capacity to pay.

43. The current six-year base period for the scale should be retained, since it was short enough to reflect changes in the economic development of Member States and long enough to ensure stability in the scale and therefore represented a good compromise between the proposals for a three- or nine-year base period. Ghana accepted the conclusion of the Committee on Contributions, contained in paragraph 81 of its report, concerning the use of MERs. The debt-burden adjustment should be retained as an element in the determination of capacity to pay, since the debt burden had unquestionably affected the socio-economic development of many developing countries. The current floor level of 0.001 per cent should be retained, as should the least developed countries ceiling of 0.01 per cent. While a review of the overall ceiling on contributions might be necessary, any change in that rate should not be arbitrary, should not distort the principle of capacity to pay and should not result in an increase in the rates of assessment of developing countries.

44. The inclusion of the low per capita income adjustment in all 12 of the proposed scales attested to the continuing relevance of that element. The current gradient of 80 per cent should be retained to ensure that the scale was fair and equitable. Any scale which the Fifth Committee adopted should address the problem of discontinuity experienced by countries moving up through the low per capita income threshold and by countries just above the threshold, and it should provide remedial measures for the countries affected.

45. The United Nations desperately needed adequate financial resources for the full implementation of its mandated programmes and activities, yet it continued to face cash flow problems caused by the refusal of some Member States to honour their financial obligations on time. The financial crisis was not due to the methodology of the scale of assessments; it could be resolved only through the timely, full and unconditional payment of all contributions, including arrears. He noted that the Committee on Contributions had considered measures to encourage States to act accordingly and expressed the hope that the Secretariat would submit the report requested in paragraph 10 of the report of the Committee on Contributions.

46. **Mr. Nakkari** (Syrian Arab Republic) expressed his support for the statement made by the representative of Nigeria on behalf of the Group of 77 and China and pointed out that his country's contribution would increase to 0.08 per cent in accordance with the scale proposals contained in General Assembly resolution 54/237 D, with the exception of proposal "C", which was more consistent with capacity to pay. He expressed surprise at the use of two different criteria for the ceiling and the scheme of limits, which indicated a tendency to disregard both the capacity to pay and the economic situation of the developing countries. As a result, the contributions of various developed countries had been reduced over the past three years at the expense of developing countries, including the Syrian Arab Republic, which had nevertheless always endeavoured to pay its increased contributions.

47. The current financial crisis of the United Nations was due to outstanding arrears, particularly those of the State which was the major contributor. Unless those arrears were paid, the worrying financial situation would simply worsen, irrespective of increases in the scale of assessments.

48. While capacity to pay should constitute the main criterion in determining the contributions paid by States, the principle of fairness should also be observed. Since the last scale of assessments, the Syrian economy had by no means improved sufficiently to justify the increase contained in any of the proposed scales. Debt and other special circumstances, such as the occupation of the Syrian Arab Golan, should be taken into account. No consideration, however, had been given to that special situation.

49. **Mr. Mwakawago** (United Republic of Tanzania) said that the Fifth Committee, in its deliberations, should bear in mind the recently adopted Millennium Declaration, in which the world's leaders had resolved to make the United Nations more effective in maintaining international peace and security by giving it the resources and tools it needed to carry out its responsibilities in that area. The United Republic of Tanzania associated itself with the statement made on behalf of the Group of 77 and China concerning the scales of assessments for the regular and peacekeeping budgets.

50. His delegation supported the use of the low per capita income adjustment and the debt-burden adjustment in determining capacity to pay. Those elements should be applied on the basis of universally acceptable criteria. The growing tendency to give the Committee on Contributions complex instructions involving issues that should be resolved through political negotiations among Member States had made that Committee's work more difficult. Consequently, its current report (A/55/11) was not particularly helpful with regard to a number of elements of the scale methodology. He hoped that the members of the Committee on Contributions would resolve their disagreement concerning the final figures for Member States' shares of global GNP so that the Fifth Committee could agree on a scale of assessments for the regular budget.

51. The current floor of 0.001 per cent should be retained, and developing countries should be assessed at a rate not exceeding 0.01 per cent. Since the base period should be a multiple of the scale period, his delegation supported a six-year base period with no annual recalculation. He trusted that the Committee on Contributions would continue to provide the General Assembly with technical advice concerning requests for exemption under Article 19 of the Charter, and he welcomed that Committee's intention to continue to consider the question of multi-year payment plans for the payment of arrears by Member States that faced unavoidable difficulties.

52. The Fifth Committee must reach agreement on the methodology to be used for the scales of assessments for both the regular budget and peacekeeping operations and must ensure that assessed contributions were based on equitable and simple criteria for determining capacity to pay. All Member States must strive to reach a consensus by January 2001 on the many issues related to both scales. Although the Fifth Committee would be engaging in parallel negotiations on the two scales, it should give priority to the regular budget scale. Arrangements for those negotiations should facilitate the full, transparent and adequate participation of all Member States.

53. **Mr. Stanczyk** (Poland) said that his delegation approached the discussion on the scale of assessments with an open mind and was prepared to debate all elements of its methodology. The statistical base period was a key element of that methodology and played a critical role in reflecting capacity to pay as closely as possible for the years of assessment. His delegation, like many others, saw the benefits of a shorter base period. However, bearing in mind the warnings expressed by the Committee on Contributions against frequent changes in the base period, his delegation was not in favour of shortening it for the time being.

54. As indicated in paragraph 70 of the report, the availability of reliable data continued to be the Achilles heel of the scale methodology. His delegation called on the Committee on Contributions to redouble its efforts, in cooperation with the World Bank and the International Monetary Fund (IMF), to improve that aspect of the methodology.

55. His delegation looked forward to further details on the promising concept of annual updating with fresher economic data, as proposed by the French representative on behalf of the European Union. That concept, which would, according to its proponents, eliminate excessive fluctuations from one scale to another, was warranted owing to the abolition in 2000 of the scheme of limits formula, in accordance with General Assembly resolution 52/215. As stated in paragraph 131 of the report, the Committee on Contributions intended to consider the question of

annual recalculation further and was awaiting guidance on that matter from the Assembly.

56. As noted in paragraph 116 of the report, the low per capita income adjustment had been part of the scale methodology from the beginning. The current level, consisting of average world per capita income and an 80 per cent gradient, was acceptable. An issue that remained to be addressed was how to mitigate the effect of discontinuity experienced by a country moving up through the low per capita income threshold between scale periods. In that regard, his delegation drew attention to proposal "C" contained in General Assembly resolution 54/237 D.

57. For the second decade the debt relief formula had been applied for the calculation of consecutive scales of assessments. Despite some methodological imperfections, the formula had passed the test of time and usefulness for determining real capacity to pay. The double-counting objection related only to the repayment of interest on debt, since it was already included in GNP, while the repayment of debt principal was not included in GNP. For a large number of countries, his own included, the debt relief formula also played a role in ensuring the fairness and equity of their assessments. Despite the successful renegotiation and rescheduling of his country's debt repayment, debt servicing was and would be in years to come a heavy burden on its capacity to pay.

58. The role of the Committee on Contributions should be strengthened. The General Assembly would be best served if it were provided not only with technical analysis, but also with technical advice, conclusions and recommendations. His delegation shared the concern expressed by the representative of Nigeria on behalf of the Group of 77 and China that the Committee on Contributions had not provided sufficient guidance to the Fifth Committee on the scale methodology.

59. **Ms. Ibraimova** (Kyrgyzstan) said she hoped that the Fifth Committee's thorough discussions on the scale of assessments would result in a consensus on a transparent and equitable methodology that would reflect the Member States' real capacity to pay, thereby establishing a stable financial foundation for the Organization. She supported the recommendation of the Committee on Contributions that future scales of assessments should be based on GNP. The idea of a four-year base period accompanied by a reduction of the scale period from three to two years (A/55/11, para. 114) should be analysed, since it might represent a good compromise between the proposals for a three-year or six-year base period.

60. The use of information dating back to the period 1993-1998 in calculating the proposed scale caused distortions, since any country's economic situation could change in five years as a result of economic difficulties, natural disasters or man-made problems. The many changes in the world economy since 1993 had changed the GNP of a number of countries and had increased the external debt of countries and entire regions. More recent financial statistics should therefore be used. Exchange rates should be applied with care so as not to distort the data on GNP. She asked why PAREs had been used instead of MERs in some cases. Kyrgyzstan's economic data should be converted using MERs.

61. While the application of a debt-burden adjustment was valid, the criteria for its use should be clarified. That adjustment should be based on total debt stock. The low per capita income adjustment was a very important element that helped to provide a fair basis for the calculations. The Member States seemed to agree that the floor of 0.001 per cent and the least developed countries ceiling of 0.01 per cent should be retained. However, the lowering of the overall ceiling on contributions would increase Kyrgyzstan's financial responsibilities. Thus, even though its per capita GNP had represented only about one twelfth of the world average in 1998, it would be required to increase its contributions.

62. As a country to which the provisions of Article 19 had applied during the fifty-third and fifty-fourth sessions of the General Assembly, Kyrgyzstan was convinced that no country would deliberately forfeit its voting rights by withholding contributions. Despite economic hardships, internal debts and security problems, Kyrgyzstan had paid off the arrears in its regular budget contributions and had taken decisive steps to eliminate its peacekeeping arrears. It had paid the minimum amount required in order to avoid the application of Article 19. In 1999 and 2000, it had contributed over $1 million to the United Nations. She hoped that the Fifth Committee and the Committee on Contributions would review carefully the cases of all countries to which Article 19 applied, since virtually all of them undoubtedly reflected the effects of distortions in rates of assessment and capacity to pay.

The fulfilment, by all Member States, of financial obligations to the United Nations was the main prerequisite for the Organization's financial stability and normal functioning, but fair assessment rates were also essential.

63. If no consensus was reached on a new methodology for the scale of assessments, the existing practice should be continued. The Fifth Committee's deliberations should be based on transparency in terms of access to the information and calculations used to determine the scale.

64. **Mr. Alatrash** (Libyan Arab Jamahiriya) endorsed the statement made by the representative of Nigeria on behalf of the Group of 77 and China and expressed regret that the Committee on Contributions had made no specific recommendations that would aid consensus. He noted that, prior to the adoption in 1974 of a resolution which set the maximum and minimum assessment rates at 25 per cent and 5.51 per cent respectively of the regular budget, the United States of America had paid contributions of up to 39 per cent. Regrettably, the principle of capacity to pay, emphasized in the resolution, was unfairly applied and the statistical methodology followed was full of anomalies. In corroboration, he quoted statistics contained in United Nations documents published in the mid-1980s concerning the contributions paid by various Member States and making comparisons between contributions, per capita income and gross national product. The statistics provided ample proof of the distortions in the methodology employed: they demonstrated that the richest States with the highest capacity to pay contributed a much lower percentage in relation to gross national product than did the least developed countries. A better method of achieving the objective of the principle of capacity to pay had to be found, in the interests of fairness for the countries of the third world.

65. Emphasizing the North-South divide, he quoted further statistics to illustrate the fact that the North was inhabited by only 20 per cent of the world's population but nevertheless controlled 80 per cent of the world's trade and consumed 80 per cent of the earth's resources. Moreover, average income in the 20 richest countries was 37 times higher than in the 20 poorest countries, and almost half of the world's population lived on less than US$ 2 per day.

66. Other factors should also be taken into consideration when determining the contributions of Member States to the expenses of the United Nations. It was common knowledge that one State in particular imposed sanctions and other punitive measures that impeded progress and prosperity in the developing countries. Such measures were incompatible with the Charter of the United Nations, international law and United Nations resolutions. Detrimental as they were to international relations and to the establishment of an international economic system based on justice and equity, such coercive and unilateral measures should be opposed. The imposition of economic sanctions affected not only the development potential of the target States but also the civilian inhabitants. The sanctions imposed against Libya, for example, affected every individual in the country and had inflicted damage estimated at over US$ 30 billion.

67. **Mr. Ouch Borith** (Cambodia) recalled that the Millennium Declaration had reaffirmed the Member States' resolve to provide the Organization with adequate resources and to enhance the transparency of its decision-making processes. The scales of assessments for the regular budget and peacekeeping operations should be analysed in the context of United Nations reform. However, those discussions would be meaningless unless the primary cause of the deterioration in the Organization's financial situation was addressed: the continued failure, on the part of certain developed countries, to pay their assessed contributions under the regular budget and peacekeeping scales in full, on time and without conditions. That was an ethical, as well as a legal, responsibility.

68. The principle of capacity to pay was the fundamental criterion of the scales of assessments. The low per capita income adjustment should remain an integral part of the scale methodology, and the floor rate of 0.001 per cent and the least developed countries ceiling of 0.01 per cent should be retained.

69. The scale of assessments for peacekeeping operations must be considered in conjunction with the scale for the regular budget, since both were linked to United Nations reform. Peacekeeping operations had evolved significantly and must be proportionately funded by the Member States. The peacekeeping scale, like the regular budget scale, must realistically reflect the current economic situation of Member States. When the current arrangement for financing

peacekeeping operations had been adopted in 1973, Cambodia had been placed in group C. However, as a result of three decades of civil war and economic crisis, Cambodia had become one of the world's least developed countries, with an average per capita GNP of $300 a year. That was lower than the per capita GNP of some of the countries in group D. Although Cambodia was committed to the fulfilment of its financial obligations to the Organization, it could not ignore the harsh reality of its economic circumstances. It therefore requested the Fifth Committee and the Committee on Contributions to consider relocating Cambodia from group C to group D of the scheme for apportioning the costs of peacekeeping.

70. **Mr. Čalovski** (The former Yugoslav Republic of Macedonia) said that the Organization's relevance and efficiency must be enhanced and that it must function in a democratic way. Since its establishment, the Organization had functioned essentially in accordance with the international political context. During the era of confrontation, the great Powers had sought to control the United Nations for their own political ends. Since 1990, however, the situation had changed completely. Currently, most Member States considered the Organization to be essential for their national and international security and development; accordingly, they must be prepared to finance its activities.

71. His delegation had noted the statements outlining the positions of the United States of America, the European Union, the Group of 77 and China and other large contributors. Significantly, all those statements had emphasized the need to find ways of reconciling the differences among the various countries and groups of countries. His delegation was convinced that a consensus could be reached by the end of the main part of the current session. The technical issues involved should be dealt with by the relevant expert bodies, while delegations should focus on building political will to reach consensus.

72. The discussions held thus far had not considered the functioning of the current arrangement of principal organs and their numerous subsidiary organs. In particular, they had not considered whether the functioning of those organs reflected the wishes and interests of most Member States or whether a less costly, more democratic and much more relevant and efficient arrangement, especially from the standpoint of small and medium-sized States, should be envisaged. Far more economical arrangements, particularly for the General Assembly and the Economic and Social Council, could certainly be devised. The Committee could agree on a new arrangement whereby most of the subsidiary organs of the General Assembly and the Economic and Social Council would become redundant and the central role of the Assembly as the Organization's chief deliberative, policy-making and representative organ would be reaffirmed. That would substantially reduce the level of the budget and would facilitate the fair apportionment of the Organization's expenses. The savings achieved could be allocated to development programmes and peacekeeping missions. Lastly, any new arrangement for the apportionment of the Organization's expenses should reflect an accurate determination of each Member State's current capacity to pay and should enable the Organization to function without financial difficulties.

The meeting rose at 1.05 p.m.